

Message Text

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PAGE 01 STATE 141570
ORIGIN EB-07

INFO OCT-01 EUR-12 IO-13 ISO-00 SSO-00 NSCE-00 USIE-00
INRE-00 AID-05 CEA-01 CIAE-00 COME-00 EA-07
FRB-03 INR-07 NEA-10 NSAE-00 OPIC-03 SP-02
TRSE-00 LAB-04 EPG-02 SIL-01 AGRE-00 OMB-01 OIC-02
NSC-05 SS-15 STR-04 /105 R

DRAFTED BY EB/ORF/ICD:MPBOERNER:MM
APPROVED BY EB/ORF/ICD:EAWENDT
TREASURY:HJUNZ
EUR/RPE:PMC CLEAN
EB:PBOEKER(SUBS)

-----172214Z 121861 /61

O P 172200Z JUN 77
FM SECSTATE WASHDC
TO AMEMBASSY PARIS IMMEDIATE
INFO USMISSION GENEVA PRIORITY

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E.O. 11652: N/A

TAGS: ETRD, OECD

SUBJECT: OECD HIGH LEVEL GROUP ON COMMODITIES (HLGC):
AD HOC GROUP ON COMMON FUND

REF: PARIS 17051

FOLLOWING ARE INSTRUCTIONS FOR US DELEGATION TO JUNE 20
MEETING OF OECD HIGH-LEVEL GROUP ON COMMODITIES TO
ESTABLISH AN AD HOC GROUP ON THE COMMON FUND ISSUE:

BEGIN INSTRUCTIONS: ISSUE. THE CHAIRMAN OF THE OECD HIGH-
LEVEL GROUP ON COMMODITIES (HLGC), JOHN STEELE OF THE UK,
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WISHES TO BEGIN WORK WITHIN THE OECD COUNTRIES ON
FORMULATING A COMMON POSITION ON THE COMMON FUND WELL IN
ADVANCE OF THE NEXT UNCTAD NEGOTIATING CONFERENCE ON A
FUND SCHEDULED FOR NOVEMBER. FOR THIS PURPOSE, STEELE HAS
CALLED AN ORGANIZATIONAL MEETING OF HIS GROUP TO
ESTABLISH A SUB-GROUP ON THE FUND, AND SUBMITTED A RATHER
EXTENSIVE CHAIRMAN'S NOTE FOR CONSIDERATION . WE

DO NOT EXPECT ANY SUBSTANTIVE ISSUES TO BE DECIDED AT THE ONE-DAY MEETING SCHEDULED FOR JUNE 20, ALTHOUGH THEY MAY COME UP FOR DISCUSSION.

U.S. POSITION. 1. THE US WISHES WORK ON A COMMON GROUP B

(ROUGHLY OECD) POSITION ON THE FUND ISSUE TO PROCEED EXPEDITIOUSLY AND FULLY SUPPORTS STEELE'S INITIATIVE IN STARTING WORK EARLY IN THE OECD ON THIS ISSUE. THUS, WE FAVOR IMMEDIATE ESTABLISHMENT OF THE SUB-GROUP AND A FAIRLY HEAVY WORK SCHEDULE FOR THE GROUP THROUGH THE MONTH OF JULY AND, IF NECESSARY, AUGUST IN AN ATTEMPT TO ARRIVE AT A DEFINITION BEFORE THE END OF THE SUMMER OF A WORKABLE COMMON FUND PROPOSAL ACCEPTABLE TO THE BROAD MEMBERSHIP OF OECD (ALTHOUGH POSSIBLY NOT TO SOME OF THE COUNTRIES ALREADY FULLY COMMITTED TO THE G-77 VERSION OF A FUND SUCH AS NORWAY). PARAGRAPH. 2. THE US SHOULD PRESS ITS CANDIDACY FOR CHAIRMAN OF THE GROUP, NOMINATING E. ALLAN WENDT, DIRECTOR OF ICD. IF THIS IS NOT ACCEPTED BY THE MEETING, WE SHOULD ASK THAT THE ISSUE BE POSTPONED UNTIL THE NEXT SESSION OF THE SUB-GROUP. PARAGRAPH. 3. TO THE EXTENT POSSIBLE, THE US DELEGATION SHOULD AVOID COMMENTING ON THE SUBSTANTIVE ASPECTS OF THE US POSITION ON A FUND, SINCE THESE ARE STILL UNDER DISCUSSION AMONG INTERESTED AGENCIES IN WASHINGTON. THE DELEGATION SHOULD ENSURE, HOWEVER, THAT THE FINAL TERMS OF REFERENCE FOR THE NEW SUB-GROUP CAN BE READ TO INCLUDE A WIDE RANGE OF OPTIONS TO BE USED IN ANY MODEL CONSTRUCTED OF A COMMON FUND, IN PARTICULAR THOSE LIMITED OFFICIAL USE

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ALREADY EXPRESSED BY THE US PUBLICLY AND CONFIRMED IN THE APRIL 9 PRESIDENTIAL DECISION CONCERNING A POSSIBLE OVERDRAFT FACILITY FOR SUCH A FUND. IN OUR VIEW, THIS WOULD REQUIRE AS A MINIMUM SOME AMENDMENT OF PARAGRAPH 3 OF THE PAPER SUBMITTED BY STEELE FOR CONSIDERATION AT THE MEETING, SO THAT IT REFERS NOT ONLY TO THE ISSUE OF THE FUND HAVING "RESOURCES OF ITS OWN," BUT MORE GENERALLY TO THE NEED FOR FINANCIAL RESOURCES AND THE WAYS AND MEANS BY WHICH THESE SHOULD BE PROVIDED. PARAGRAPH. 4. THE US CAN AGREE TO THE PROPOSAL CONTAINED IN PARAGRAPH 5 OF STEELE'S NOTE SUGGESTING THE CONSTRUCTION OF A BASIC MODEL OF A FUND BASED ON A POOLING ARRANGEMENT AND COVERING ITS ORGANIZATION, MANAGEMENT AND VOTING ARRANGEMENTS. AS NOTED IN PARA 3 WE SHOULD ASSURE, HOWEVER, THAT ALL NECESSARY FLEXIBILITY BE MAINTAINED FOR INCLUSION OF FINANCIAL AND OTHER ELEMENTS INTO THE MODEL AS APPROPRIATE. IN GENERAL, WE DO NOT WISH THIS MEETING TO TAKE DECISIONS ON SUBSTANTIVE ISSUES AND, THEREFORE, THE DELEGATION SHOULD AVOID DISCUSSION OF SUBSTANTIVE ISSUES. PARAGRAPH.

5. THE US DELEGATION SHOULD TAKE NO POSITION ON THE SUGGESTION BY STEELE IN HIS NOTE THAT A POSSIBLE PURPOSE OF THE EXERCISE WOULD BE THE TABLING OF DRAFT ARTICLES ON A FUND AT THE NOVEMBER NEGOTIATING CONFERENCE. WE CERTAINLY DO NOT RULE THIS OUT, BUT IN OUR VIEW, IT IS NOT NECESSARY AT THIS STAGE TO MAKE SUCH A DETERMINATION. PARAGRAPH. 6. WE ARE OPEN-MINDED ON WHAT PAPERS ON THE

FUND ISSUE MIGHT USEFULLY BE PREPARED BY THE OECD SECRETARIAT. WE SEE SOME ADVANTAGE IN PURSUING FURTHER THEIR EARLIER WORK ON THE FUNDING IMPLICATIONS OF VARIOUS MODELS, AND POSSIBLY PURSUING THESE STUDIES WITH A MORE LIMITED NUMBER OF COMMODITIES PARTICIPATING IN A COMMON FUNDING ARRANGEMENT. ALSO, WORK COULD USEFULLY BE DONE IN CONSTRUCTING ORGANIZATIONAL MODELS BASED ON PAST EXPERIENCE WITH INTERNATIONAL FINANCIAL INSTITUTIONS. HOWEVER, WE SHOULD STRESS THAT THE BASIC LIMITED OFFICIAL USE

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GUIDANCE AND INPUT SHOULD COME FROM NATIONAL CAPITALS. END INSTRUCTIONS. VANCE

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ORIGIN EB-02

INFO OCT-01 EUR-01 ISO-00 TRSE-00 /004 R

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DRAFTED BY:EB/ORF/ICD:MPBOERNER

APPROVED BY:EB/ORF/ICD:EAWENDT

TRES:HJUNZ

EB:PBOEKER (SUBS)

EUR/RPE:PMCLEAN

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O 231904Z JUN 77

FM SECSTATE WASHDC

TO AMEMBASSY LONDON IMMEDIATE

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FOLLOWING REPEAT STATE 141570 ACTION PARIS INFO GENEVA
DATED JUN 17:

QTE: LIMITED OFFICIAL USE STATE 141570

E.O. 11652: N/A

TAGS: ETRD, OECD

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END INSTRUCTIONS. VANCE UNQTE CHRISTOPHER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: INSTRUCTIONS, COMMODITIES, MEETING AGENDA, COMMITTEE MEETINGS
Control Number: n/a
Copy: SINGLE
Sent Date: 17-Jun-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
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Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Document Source: CORE
Document Unique ID: 00
Drafter: MPBOERNER:MM
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770217-0694
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From: STATE
Handling Restrictions: n/a
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Message ID: 0f79827a-c288-dd11-92da-001cc4696bcc
Office: ORIGIN EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 6
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 77 PARIS 17051
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
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Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2107570
Secure: OPEN
Status: NATIVE
Subject: OECD HIGH LEVEL GROUP ON COMMODITIES (HLGC): AD HOC GROUP ON COMMON FUND
TAGS: ETRD, US, OECD
To: PARIS
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/0f79827a-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009